

**TRABUCO CANYON WATER DISTRICT
FINANCE/AUDIT COMMITTEE MEETING RECAP
APRIL 6, 2011**

DIRECTORS PRESENT

Jim Haselton, Committee Chair
Mike Safranski, Committee Member

STAFF PRESENT

Don Chadd, General Manager
Hector Ruiz, District Engineer
Teresa Teichman, District Secretary
Michael Perea, Special Projects Manager
Karen Warner, Accounting Technician
Melanie Inskeep, Customer Service Representative

PUBLIC PRESENT

No members of the public were present.

CALL MEETING TO ORDER

Committee Chair Haselton called the April 6, 2011 Finance/Audit Committee Meeting to order at 7:06 a.m.

VISITOR PARTICIPATION

Public comments were announced. No comments were received.

ORAL COMMUNICATION

Oral communication was announced. No comments were received.

COMMITTEE MEMBER COMMENTS

Mr. Mike Safranski, Committee Member, advised he received a letter from MWDOC relating to an upcoming meeting with elected officials.

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Mr. Safranski also noted Governor Brown has declared the drought over.

Mr. Jim Haselton, Committee Chair, advised he attended the quarterly ISDOC meeting on March 31, 2011 and will provide information at the time of the Regular Board Meeting.

REPORT FROM THE GENERAL MANAGER

There were no comments from the General Manager

FINANCIAL MATTERS

ITEM NO. 1) FINANCE/AUDIT COMMITTEE MEETING RECAP

The March 2, 2011 Finance/Audit Committee Meeting Recap was presented to the Committee. No changes were made.

Recommendation: *The Committee recommended that the March 2, 2011 Finance/Audit Committee Meeting Recap be received and filed by the Board. (Consent Calendar).*

ITEM NO. 2) RATIFICATION OF DIRECTORS' FEES AND EXPENSES AND FUTURE MEETINGS

The Committee reviewed this matter.

Recommendation: *The Committee recommended that the Directors' expenses for February/March 2011 and fees for February/March 2011 be forwarded to the Board for ratification. (Action Calendar)*

ITEM NO. 3) STATUS UPDATE RELATING TO WATER MONITORING AND WATER CONSERVATION EFFORTS

Mr. Don Chadd, General Manager, reviewed the water allocation graphs and data provided by MWDOC as of March 16, 2011.

Mr. Chadd noted TCWD remains below the current allocation. Mr. Chadd stated it appears there will be no reduced water allotment imposed on water agencies after July 1, 2011.

Recommendation: *The Committee received and filed the status update. No action necessary.*

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ITEM NO. 4) STATUS UPDATE RELATING TO STORM DAMAGE

Mr. Michael Perea, Special Projects Manager, reviewed the actual project costs to date and presented a spreadsheet identifying each project and FEMSA's approved reimbursement percentage to the District.

Mr. Hector Ruiz, District Engineer, advised he is working with PSOMAS in order to appeal FEMA's decision as it relates to the denial to repair TCWD's 16" water transmission line at The Serrano Creek Crossing.

Discussion occurred relating to Serrano Creek Crossing repair options, cost, and impact to the District.

Recommendation: *The Committee received and filed the information. No action taken.*

**ITEM NO. 5) DISCUSSION RELATING TO SANTIAGO AQUEDUCT
COMMISSION PROPOSED FISCAL YEAR 2011/2012
OPERATIONS AND MAINTENANCE BUDGET**

Mr. Chadd presented this information to the Committee as it relates to planning TCWD's fiscal year budget. Mr. Chadd noted TCWD's portion of the SAC Operation and Maintenance costs are anticipated to reduce over the next three years as the Baker Water Treatment Facility comes on-line.

Recommendation: *The Committee recommended the information be received and filed by the Board. (Consent Calendar) .*

**ITEM NO. 6) RATIFICATION OF AGREEMENT FOR STATE MANDATED
COST REIMBURSEMENT (SB90) CONSULTING SERVICES**

Mrs. Teresa Teichman, Secretary to the Board of Director's, presented this item. Mrs. Teichman reviewed the mandate which allows for Special Districts to file for cost reimbursement associated with compliance of the Brown Act requirements during specific fiscal years.

Recommendation: *The Committee ratified the Agreement for Service with Nimbus Consulting for a fee of \$3,900.00. (Consent Calendar)*

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**ITEM NO. 7) DISCUSSION AND POSSIBLE ACTION RELATING TO
PAYMENT OF INVOICE FOR MAJOR CAPITAL
REPLACEMENT/MAINTENANCE FROM SANTA
MARGARITA WATER DISTRICT**

Mr. Ruiz advised Santa Margarita Water District (SMWD) invoiced TCWD in December 2009 for three years of major capital replacement/maintenance cost relating to the Chiquita Sewer Plant from 2006 – 2009.

Mr. Ruiz and Mr. Chadd have had conversations with SMWD management to request annual invoicing in order that TCWD may plan for the costs as they occur each fiscal year.

Discussion occurred between staff and committee members relating to verification of invoices along with requesting SMWD invoice on a timely basis.

Recommendation: *The Committee recommended the information be received and filed by the Board. (Consent Calendar) .*

**ITEM NO. 8) DISCUSSION AND POSSIBLE ACTION RELATING TO
TCWD BUDGET DEVELOPMENT PROCESS REVIEW**

Mr. Chadd advised the Committee he is working with staff in preparation of the fiscal year 2011/2012 budget. Mr. Chadd stated he is prepared to use the same methodology and information as used to plan last fiscal year's budget.

Mr. Chadd offered, at the pleasure of the Board, TCWD may hold a special budget workshop in early June so that the Board has the opportunity for questions and input.

Recommendation: *The Committee recommended the information be forwarded to the Board for date consideration. (Action Calendar).*

ITEM NO. 9) OTHER MATTERS

Ms. Melanie Inskeep, Customer Service Representative, presented this information. The Committee received an overview of the proposal for on-line bill payment for TCWD customers.

Discussion occurred relating to the one-time cost for implementation of the program, one-time programming fee for compatibility with TCWD's AS 400 system, and the monthly maintenance/support fee to the host company.

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Mr. Perea confirmed security in the use of the “on-line” payment service as it relates to interface with TCWD’s current computer system and firewalls.

Mr. Chadd presented information to the Committee which reflects data for fiscal year 2010/2011 to date relating to the Portola Hills zone of the District.

Discussion occurred regarding the water rates in that particular zone and the monthly costs to TCWD as invoiced by the Irvine Ranch Water District (IRWD). Due to the disparity of water rates within this zone, as compared to the water rates of District in general, it may be necessary to raise the water rates and consider a flat fee adjustment in order to cover the costs currently accessed to TCWD from IRWD for the delivery of water to this zone.

Mr. Chadd advised he and staff met with TCWD’s Legal Counsel, Treasurer, Contract Accountant, and NBS Representative on April 1, 2011 as it relates to the financial structure of the CFD’s within TCWD’s service area. Discussion occurred relating to establishing a residual account with Bank of New York.

President Safranski requested a diagram of the financial structure of the funds to use for review purposes at the time of the Regular Board Meeting.

Discussion occurred relating to invitees to the Trabuco Creek Wells Facility Ribbon Cutting Ceremony.

Plans for the Open House at the Trabuco Creeks Wells Facility were discussed.

Mr. Chadd updated the committee as to the status of the in-house landscape project at TCWD’s Administration Building, along the front parking lot. It is anticipated this project may be complete by the April 20, 2011 Regular Board Meeting.

Recommendation: *The Committee received the information, approved the cost to implement on-line bill pay. The Committee recommended the information relating to Portola Hills charges and the District’s CDF structure be received and forwarded to the Board. (Action Calendar) .*

**ITEM NO. 10A) PRESENTATION OF FEBRUARY 2011 UNAUDITED
FINANCIAL STATEMENT**

Mr. Chadd reviewed the February 28, 2011 preliminary unaudited financial statement.

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Mr. Chadd discussed water sales compared to same month last year. Discussion occurred relating to savings in reduced water purchases compared to last month and last year at this same time. The savings are attributed largely to the new Trabuco Creek Wells Facility coming on-line and the improved efficiencies of running the wells.

Recommendation: *The Committee recommended that the Board receive and file the February 28, 2011 preliminary unaudited financial statement, as presented. (Consent Calendar).*

ITEM NO. 10B) BILLS FOR CONSIDERATION

The bills for consideration were presented.

Recommendation: *The Committee recommended that the Board ratify payment of March 15, 2011 bills for consideration in the amount of \$230,754.63 and the April 6, 2011 bills for consideration in the amount of \$536,547.35 and the March 2011 payroll in the amount of \$152,590.0881, as presented. (Consent Calendar).*

ADJOURNMENT

Committee Chair Haselton adjourned the April 6, 2011 Finance/Audit Committee Meeting at 7:59 a.m.